

SENATE BILL 1486

By Bell

AN ACT to amend Tennessee Code Annotated, Section 45-5-403, relative to industrial loan and thrift companies.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-5-403(a), is amended by adding the following new subdivision (9):

(9)

(A) Registrants may also impose and collect a convenience fee from any borrower making payment by credit card, debit card, electronic funds transfer, electronic check, or other electronic means in order to offset actual costs incurred by a registrant for accepting and processing payments made by electronic means.

(B)

(i) Any convenience fee collected by a registrant pursuant to this subdivision (a)(9) may not exceed the actual costs incurred by the registrant; provided, however, a registrant may impose a convenience fee in lieu of the actual cost of the individual payment type that does not exceed the average of the actual cost incurred for the various types of electronic payments accepted by the registrant.

(ii) Any registrant charging a convenience fee pursuant to this subdivision (a)(9) shall make available the option to make a payment on a loan by check, cash, or money order directly to the registrant without the imposition of a convenience fee for a card payment or electronic payment.

(iii) When a borrower elects to make a payment to the registrant by credit card, debit card, electronic funds transfer, electronic check, or other electronic means and a convenience fee is imposed and collected pursuant to this subdivision (a)(9), the payment of the convenience fee shall not be refundable.

(iv) The convenience fee may be charged in addition to all other interest and fees allowed by law.

(v) For purposes of this subdivision (a)(9)(B), "actual costs" means actual third party costs incurred for the processing of payments made by electronic means. If a registrant is a subsidiary of an entity that processes payments made by electronic means, then the parent entity shall be considered a third party.

SECTION 2. Tennessee Code Annotated, Section 45-5-403(a)(7), is amended by deleting "for any check, draft," and substituting instead "for any check, draft, electronic funds transfer, electronic check, card payment, or any other electronic payment,".

SECTION 3. Tennessee Code Annotated, Section 45-5-403(a)(7)(B), is amended by deleting "one (1) check" and substituting instead "one (1) check or electronic debit authorization".

SECTION 4. Tennessee Code Annotated, Section 45-5-403(b)(4), is amended by deleting the period at the end of the subdivision and substituting instead the following:

and a convenience fee under subdivision (a)(9).

SECTION 5. For purposes of promulgating rules, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect July 1, 2014, the public welfare requiring it.